



Headworks Project Approval of Amended and Restated Contract

City Council Meeting, Item No. 6.3

February 25, 2020

Presented by: Mariana Chavez-Vazquez
ESD Deputy Director

CIP



San José-
Santa Clara
Regional
Wastewater
Facility

Project Background

■ Project Scope and Need:

- Replace aging duty Headworks 1 (HW1) with a new Headworks 3 (HW3)
- Maintain Headworks 2 (HW2) as the wet-weather/backup headworks
- Reconfigure and rehabilitate influent structures and piping to direct flows to HW2 and HW3 and to allow for the future decommissioning of HW1

■ Design-Build Contract

Preliminary Services Phase

- Awarded in June 2018 to CH2M
- \$5.7M plus 10% contingency
- Included:
 - Permitting
 - Design to 60%
 - Subsurface investigations
 - Condition assessments
 - GMP negotiations
 - Contract negotiations
- Status: Completed

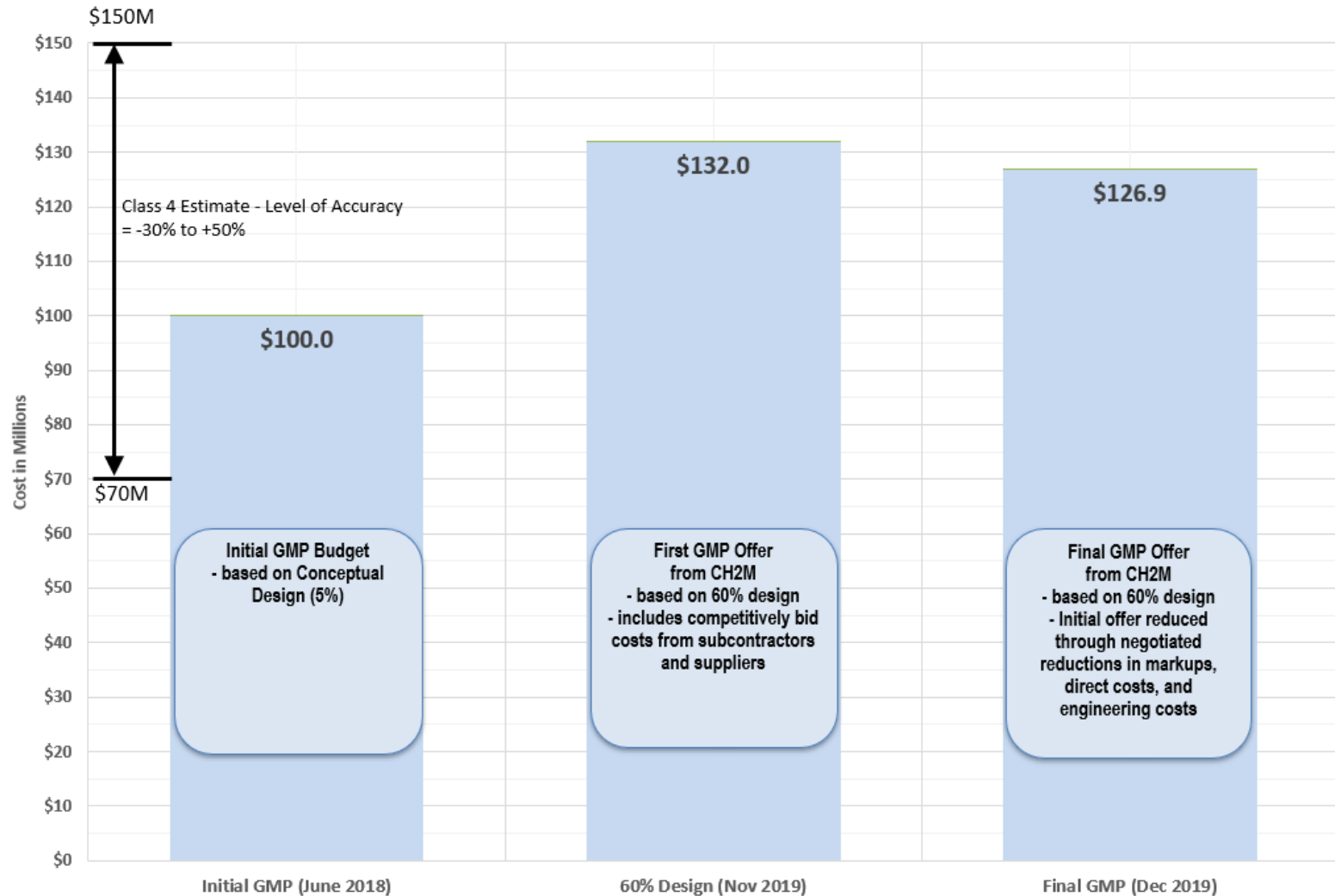
Design-Build Phase

- \$126.9M plus 10% contingency
- Includes:
 - Permitting
 - Design to 100%
 - Design-Builder Procurement
 - Construction
 - Startup and commissioning
 - Acceptance testing
- Notice to Proceed: Mar. 2020
- Substantial Completion: Jan. 2023

Guaranteed Maximum Price (GMP) Negotiations

- Issues and Challenges:
 - Design-build projects are priced differently than low-bid or design-bid-build projects
 - Need to ensure City and ratepayers receive fair pricing for the work
- Steps taken to ensure fair pricing:
 - Independent cost estimate reviews and analyses
 - Benchmarking
 - Value Engineering
 - Competitive bidding of subcontractor and supplier packages
 - Negotiation of CH2M and Kiewit direct costs
 - Negotiation of CH2M and Kiewit overhead and profit:
 - » *Reduced CH2M 's overhead and profit from 9.5% to 8.75%*
 - » *Reduced Kiewit's overhead and profit from 18% to 10%*

GMP Progression



Recommendation

1. Approve the Amended and Restated Design-Build Contract (Amended Contract) with CH2M HILL Engineers, Inc. for the final design, construction, commissioning and acceptance testing of the Headworks Project at the San José-Santa Clara Regional Wastewater Facility with a base Guaranteed Maximum Price (GMP) in an amount not to exceed \$126,874,142.
2. Approve a ten percent construction contingency in the amount of \$12,688,000 for adjustments to the base GMP in accordance with the Amended Contract.



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